



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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March 1, 2005

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors and Commissioners:

**GRANT AGREEMENT WITH OCEAN PARK COMMUNITY CENTER FOR
DEVELOPMENT OF WESTSIDE SAFE HAVEN SHELTER HOUSING (3)
(3 Vote)**

IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS:

1. Find that the rehabilitation of a portion of a 22,000 square foot building owned by the City of Santa Monica, located at 1751 Cloverfield Boulevard in the City of Santa Monica, is exempt from the California Environmental Quality Act (CEQA), as described herein, because the proposed work will not have the potential for causing a significant effect on the environment.
2. Authorize the Executive Director of the Community Development Commission to administer, on behalf of the Commission, up to \$200,000 in Community Development Block Grant (CDBG) funds allocated to the Third Supervisorial District, to provide construction and permanent financing to the Developer for Westside Safe Haven, a flexible-stay shelter that will serve homeless mentally ill persons, to be located at the above site.



IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:

1. Approve a Grant Agreement (Agreement), presented in substantially final form, between the Community Development Commission and Ocean Park Community Center, a California non-profit corporation (the Developer), that will provide a total of \$400,000 for development of Westside Safe Haven, a flexible-stay shelter for homeless mentally ill persons, to be located at 1751 Cloverfield Boulevard in the City of Santa Monica.
2. Authorize the Commission to fund the grant to the Developer, using \$200,000 in Community Development Block Grant (CDBG) funds allocated to the Third Supervisorial District, and \$200,000 in Department of Mental Health realignment funds previously transferred to the Commission for this purpose, for construction and permanent financing of Westside Safe Haven; and authorize the Executive Director of the Commission to execute the Agreement, and all related documents, to be effective following approval as to form by County Counsel and execution by all parties.
3. Authorize the Executive Director to incorporate \$200,000 in DMH realignment funds into the Commission's Fiscal Year 2004-2005 approved budget, for the purposes described above.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve a Grant Agreement between the Commission and the Developer, for the construction and permanent financing of shelter housing at Westside Safe Haven, a flexible-stay shelter for the homeless mentally ill.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund.

A total of \$400,000 will be provided to the Developer for construction and permanent financing of the project, consisting of \$200,000 in CDBG funds allocated to the Third Supervisorial District, which have previously been incorporated into the Commission's Fiscal Year 2004-2005 approved budget, and \$200,000 in Department of Mental Health realignment funds previously transferred to the Commission for this purpose, which will now be incorporated into the current budget. These funds will be disbursed to the Developer upon Commission approval of development expenses. Repayment will not be required as long as the affordability requirements continue to be met, and as long as

there is no occurrence of default. The City of Santa Monica will also provide \$2,270,112 in funding for the project.

The estimated total cost for the project is \$4,678,413. A Financial Analysis is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On June 17, 2003, the Board of Supervisors authorized the Commission to accept from the Department of Mental Health \$200,000 in realignment funds for development of the project. The Commission will administer the realignment funds and CDBG funds for development of the project.

Development of Westside Safe Haven consists of the rehabilitation of portions of a 22,000 square foot vacant building owned by the City of Santa Monica, located at 1751 Cloverfield Boulevard in the City of Santa Monica. The rehabilitation will include the removal and replacement of the current roof, and the removal and replacement of all plumbing lines, fixtures and meters, as well as replacement of all electrical main panels, sub-panels, wiring and outlets, in order to comply with current code requirements. All fire and life-safety systems, including sprinklers, will be brought up to code. The facility will be transformed to meet Americans with Disabilities Act requirements, and an elevator will be added. New dual glaze windows and light fixtures will be installed, as well as new heating, ventilation and air conditioning (HVAC) equipment. The existing interior partitions will be demolished, as needed, to construct new spaces adapted to the program. The building will be patched and painted in the interior and exterior and new flooring will be installed throughout. A new kitchen, new laundry space, and new bathrooms with showers more appropriate for congregate housing will be built. The surface parking lot will be re-stripped and re-asphalted. Landscaping work will be performed in open spaces and energy efficient elements will be incorporated to the extent possible.

The project will provide 55 beds of flexible-stay shelter housing and supportive services for very low-income homeless adults with mental disabilities. These services will include case management, independent living skills, alcohol and drug abuse services, socialization and creative opportunities, HIV/AIDS services, housing services, information and referral services, mental health and counseling services and transportation assistance. Clients are those individuals whose incomes do not exceed 50 percent of the Area Median Income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as determined by the U.S. Department of Housing and Urban Development (HUD). The affordability period will run for 55 years from the date of execution of the Agreement.

The project is being developed in accordance with the Los Angeles Homeless Services Authority Continuum of Care Planning Process for 2003, which, for Service Planning

Area 5 (West Los Angeles), places housing for multi-diagnosed mentally ill as its highest priority. The Developer is proposing to acquire and renovate the property as a "safe haven," in order to meet this objective and to address the needs of homeless persons in the area.

The proposed project is being federally funded, and is not subject to the requirements of the Greater Avenues for Independence (GAIN) Program implemented by the County of Los Angeles. Instead, the Developer must comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

ENVIRONMENTAL DOCUMENTATION:

Pursuant to 24 Code of Federal Regulations Part 58, Section 58.35 (a)(3)(ii) this project is excluded from the provisions of the National Environmental Policy Act because it involves activities that will not alter existing environmental conditions. It is exempt from the provisions of CEQA, pursuant to State CEQA Guidelines 15301, because it involves negligible or no expansion of use beyond what currently exists and does not have the potential for causing a significant effect on the environment.

The environmental review record for this project is available for viewing by the public during regular business hours at the Commission's main office located at 2 Coral Circle, Monterey Park.

IMPACT ON CURRENT PROJECT:

Approval of this Agreement will help to enhance the community's stock of safe housing for homeless persons with mental illness, with the goal of assisting these individuals in moving off the streets and re-integrating into the community.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 2

Attachment A

HOUSING FINANCIAL ANALYSIS 1751 Cloverfield Boulevard, City of Santa Monica

The project will provide shelter and supportive services for 55 very low-income homeless individuals with mental disabilities whose incomes do not exceed 50 percent of the area median income (AMI) for the Los-Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as determined by the U.S. Department of Housing and Urban Development (HUD). The following is an analysis of funding for the project:

DEVELOPMENT PHASE

<u>Sources</u>	<u>Total</u>
City of Santa Monica	\$2,270,112
Emergency Housing and Assistance Program	
Capital Development	1,000,000
L.A. Homeless Services Authority	400,000
Community Development Block Grant (CDBG) funds	200,000
Department of Mental Health Realignment funds	200,000
Developer fundraising	608,301
TOTAL	\$4,678,413

Uses

TOTAL DEVELOPMENT COST	\$4,678,413
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PERMANENT PHASE

<u>Sources</u>	
City of Santa Monica	\$2,270,112
Emergency Housing and Assistance Program	
Capital Development (EHAPCD)	1,000,000
L.A. Homeless Services Authority (LAHSA)	400,000
Community Development Block Grant (CDBG) funds	200,000
Department of Mental Health Realignment funds	200,000
Developer fundraising	608,301
TOTAL	\$4,678,413

Uses

TOTAL DEVELOPMENT COST	\$4,678,413
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DEVELOPMENT GRANT AGREEMENT

1751 Cloverfield Boulevard in the City of Santa Monica

by and between

**THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES**
a public body corporate and politic

and

OCEAN PARK COMMUNITY CENTER
a California non-profit public benefit corporation

_____, 2005

\$400,000

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DEVELOPMENT GRANT AGREEMENT

Transaction Summary

Project Name: Westside Safe Haven

Developer Name: Ocean Park Community Center

/ / Limited Partnership / / LLC / X / Nonprofit Public Benefit Corporation / / Other

Grant Amount: \$ 400,000 Total Number of Units in Project: 55 beds

Location (Jurisdiction): City of Santa Monica / X / Incorporated / / Unincorporated

Project Type: / / rental / / for sale / X / special needs (specify: Homeless Individuals with a Mental Disability)

Use of Grant Funds: / / Acquisition / / Predevelopment / X / Construction / X / Permanent

Affordability (# beds, income levels): 55 beds at 50% of the Area Median Income (AMI)

Term of Affordability: 55 years

The foregoing Transaction Summary is provided for the convenience of the parties. In case of any conflict, the detailed terms below and/or in the attachments to this Development Grant Agreement shall control.

DEVELOPMENT GRANT AGREEMENT

This Development Grant Agreement (the "Agreement") is entered into as of the ____ day of _____, 2005, by and between the Community Development Commission of the County of Los Angeles, a public body, corporate and politic (the "Commission"), and the Ocean Park Community Center, a California non-profit public benefit corporation (the "Developer"). The Commission and the Developer hereby covenant and agree as follows:

AGREEMENT

1.0 SUBJECT OF AGREEMENT

1.1 Purpose of Agreement

The purpose of this Agreement is to provide a grant in an amount not to exceed **FOUR HUNDRED THOUSAND DOLLARS (\$400,000)**. This grant will be comprised of \$200,000 from available Community Development Block Grant (CDBG) funds, and \$200,000 from Department of Mental Health (DMH) realignment funds administered by the County, to pay for construction costs incurred in the development of the Westside Safe Haven ("the Project"), an affordable housing program for homeless individuals with mental illness.

1.2 The Property

The development involves the rehabilitation of a 22,000 square foot commercial building located at 1751 Cloverfield Boulevard, in the City of Santa Monica (the "Property") which will provide 55 beds of flexible stay shelter housing with appropriate supportive services for homeless individuals with mental illnesses, including those with co-occurring substance abuse. The goal of this project is to help these participants move off the streets and re-integrate into society. The Property was purchased and is currently owned by the Developer. The Property is described in Exhibit A, "Legal Description," and is incorporated herein by this reference.

1.3 The Parties to the Agreement

1.3.1 The Commission

The Commission, a public body, corporate and politic, exercises governmental functions and powers, and was organized and exists under Section 34200, et. seq., of the Health and Safety Code of the State of California. The Commission administers CDBG funds for the County of Los Angeles and will also administer the DMH realignment funds allocated to this development. The principal office of the Commission is at 2 Coral Circle, Monterey Park, California 91755-7425.

1.3.2. The Developer

The Developer, Ocean Park Community Center, is a California non-profit public benefit corporation. The principal office of the Developer is located at 1453 16th Street, Santa Monica, CA 90404.

1.3.3 Prohibition Against Change In Ownership, Management, and Control of the Developer

The qualifications and identity of the Developer are of particular concern to the Commission. It is because of those qualifications and identity that the Commission has entered into this Agreement with the Developer. Except as otherwise provided in this Section 1.3.3, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement without the prior written approval of the Commission, which approval shall not be unreasonably withheld or delayed.

The Developer shall not assign all or any part of this Agreement or any rights hereunder without the prior written approval of the Commission.

All of the terms, covenants, and conditions of this Agreement shall be binding upon and shall inure to the benefit of the Developer and the permitted successors and assignees of the Developer. Whenever the term "Developer" is used herein, such term shall include any other permitted successors and assignees as provided in this Section 1.3.3.

2.0 DEVELOPMENT OF THE PROPERTY

2.1 Scope of Work

The Developer shall rehabilitate or cause to be rehabilitated the existing structure and landscaping on the Property, which will provide 55 beds of temporary housing with appropriate supportive services for homeless participants with mental illnesses, including those with co-occurring substance abuse, as described in Exhibit B, Scope of Work, which is attached hereto and incorporated herein by this reference.

2.2 Commission Review of Development Plans

The Developer shall submit to the Commission for review and approval, concept plans, drawings, and related documents for rehabilitation of the Property. If any substantial changes are to be made to such documents or drawings, the Commission shall have the right to review and approve the changes. The Commission's primary concern in such review of plans and drawings is: (1) conformity with the development standards and conditions in this Agreement; (2) external aesthetics; and (3) the general functioning of the internal space. The Commission further reserves the right to review the plans and drawings to ensure that the materials and specifications are consistent with commonly accepted construction practices. The Commission shall incur no liability of any kind and the Developer will not be relieved of any obligations by reason of the Commission granting any approvals of plans, drawings, and related documents.

The Developer shall submit such documents and drawings denoting changes to the appropriate authorized representatives of the Commission for review and the Commission shall approve or disapprove the changes within thirty days. If the Commission fails to notify the Developer in writing of its approval or disapproval of the plans within thirty days, the Commission shall be deemed to have approved the changes.

2.3 Cost of Rehabilitation

All costs of rehabilitating improvements on the Property shall be borne by the Developer.

2.4 Work Schedule

Developer shall complete the rehabilitation of the Property within the times specified in the Schedule of Performance, Exhibit C, Schedule of Performance, which is attached hereto and incorporated herein by this reference, or such reasonable extensions of said dates as may be granted by the Commission. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the Commission.

3.0 COVENANTS OF DEVELOPER.

As additional consideration for the making of the Grant by Commission, Developer covenants as follows:

3.1 Compliance with Laws.

Developer shall comply with all applicable Governmental Restrictions. As used herein, "Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the California Environmental Quality Act; applicable federal, state and local fair housing laws; and public bid and prevailing wage requirements. Developer shall be solely responsible for determining whether any state or federal prevailing wage requirements may be applicable to the Project, and for implementing any and all prevailing wage requirements which may apply, regardless of whether they may be obligations of the contractor or of the party awarding the contract. Prevailing wage laws include, among others, California Labor Code Section 1720 et seq., and the federal Davis-Bacon Act (40 U.S.C., 276a). If applicable, these requirements may include, among others, the requirement that prevailing wages be paid, that prevailing wage schedules be posted at the job site, and that detailed wage records be maintained. Commission has available on file prevailing wage schedules promulgated by the California State Department of Industrial Relations. Developer shall indemnify, defend and hold Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to the payment or non-payment of prevailing wages in connection with the Project.

3.2 Revenue Disclosures.

Developer shall make available for inspection and audit to Commission's representatives, upon seventy-two (72) hours' written request, at any reasonable time during the 30-year term ("Term") of this Agreement, at Developer's offices, or, if requested by Commission, at another location within Los Angeles County, all of the books and records relating to the construction and operation of the Project and this Agreement. All such books and records shall be maintained by Developer for the entire term. In the event any litigation, claim or audit is started before the expiration of the Term, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved.

3.3 Other Reports.

Upon seventy-two (72) hours' written notice, at any reasonable time during the Term, Developer shall prepare and submit to Commission, all additional reports and any financial, program progress, monitoring, evaluation or other reports reasonably required by Commission or its representatives as they relate to the Project or this Agreement; provided, however, if such requested reports are not capable of being prepared and submitted to Commission within such 72-hour period, then within a reasonable time thereafter. Developer ensures that its employees, agents, officers and board members furnish such information, which in the reasonable judgment of Commission representatives, may be relevant to a question of compliance with this Agreement or the Deed of Trust. Developer shall retain all existing records and data relating to the Project until expiration of the Term. In the event any litigation, claims or audit is started during the Term, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

3.4 Indemnification.

Subject to the provisions of Section 3.8 below, from and after the date hereof, Developer agrees to and does hereby indemnify, defend and save harmless Commission and its members, directors, agents, officers and employees from and against any and all liability, expense, including reasonable defense costs and legal fees of counsel acceptable to Commission, and claims (collectively, "Claims") for damages of any nature whatsoever, which Claims arise directly or indirectly from or in connection with the Property or the Project, including, but not limited to Claims respecting bodily injury, death, damage, workers' compensation, liability or expense arising from or in connection with services performed on behalf of Developer by any person pursuant to this Agreement, and which Claims: (i) are based on events which occur or are claimed to have occurred during Developer's ownership of the Property or the Project; (ii) result directly or indirectly from Developer's ownership of the Property or the Project; or (iii) result directly or indirectly from Commission's entering into this Agreement and/or making the Grant to Developer; provided, however, the foregoing indemnity shall not apply to claims that result solely from the gross negligence or willful misconduct of Commission. This covenant shall remain in force and effect following the expiration of the term of the Grant.

3.5 Audit by County and Federal Agencies.

Developer agrees that in the event this Agreement or the Grant is subjected to audit, monitoring or other inspections by appropriate county and federal agencies, it shall be responsible for complying with such inspections and paying, on behalf of itself and Commission, the full amount of the liability to the funding agency resulting from such inspections, unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Commission.

3.6 Program Evaluation and Review.

Upon seventy-two (72) hours' notice, Developer shall allow Commission's authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or this Agreement, including the interview of Developer's staff, participants, and other program participants, as reasonably required by Commission during the Term.

3.7 Hazardous Materials.

Developer represents, warrants and covenants that it has not and shall not: (i) deposit "Hazardous Materials" (as defined below) in, on or upon the Property; or (ii) permit the deposit of Hazardous Materials in, on or upon the Property or the Project. Developer further covenants and agrees to remove or remediate, at its expense, any Hazardous Materials located in, on or upon the Property or the Project as of the date hereof or which are deposited in, on or upon the Property or the Project, from and after the date hereof and during Developer's ownership of the Property or the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of the applicable environmental laws. The foregoing shall not be construed or understood to prohibit Developer from allowing Hazardous Materials to be brought upon the Project so long as they are materials which are customary and common to the normal course of business in the construction or operation of a well-designed housing facility and so long as such materials are used, stored and disposed of in accordance with all applicable governmental restrictions. Developer agrees to indemnify, defend and hold Commission and its members, directors, agents, officers and employees harmless from and against any Claims arising directly or indirectly out of the presence of Hazardous Materials in, on or upon the Property or the Project, existing as of the date hereof or deposited (or claimed to have been deposited) in, on or upon the Property or the Project from and after the date hereof and during Developer's ownership of the Property or the Project, including without limitation any Claims arising out of any deposits of Hazardous Materials described in (i) and (ii) hereinabove or out of Developer's failure to remove or remediate all such Hazardous Materials in, on or upon the Property and the Project, as required above. Developer hereby releases, waives and discharges Commission and its agents, officials and representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all losses and liabilities arising out of or in any way connected with Developer's ownership of the Property, operation of the Project, or any condition of environmental contamination in, on, under, upon or around the Property, or the existence of Hazardous Materials in any state in, on, under, upon or around the Property, and in connection with such release and waiver Developer is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A

GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

For purposes of this Agreement, the term "Hazardous Materials" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation: (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 6901 et seq.); (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.); (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.); (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629); (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.); (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.); (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.); (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.); (x) the Safe Drinking Water and Toxic Enforcement Act of 1986; (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.); (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.); or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

In the event that archeological resources are exposed during project construction, all earth disturbing work within the subject property must be temporarily suspended or redirected until a professional archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume.

If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to the origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.

3.8 Insurance.

Without limiting Developer's indemnification of Commission provided above, Developer shall procure and maintain at its own expense during the Term of the Grant the insurance described below. Such insurance shall be secured from carriers admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Developer shall, concurrent with the execution of this Agreement, deliver to Commission certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by this Agreement. Developer shall deliver the certificates of insurance evidencing issuance of "all risk" property insurance described in (b) below and workers' compensation insurance described in (c) below at such time that such exposures are at risk, but in no event later than the Close of Escrow. The certificate and

endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. Commission reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to Commission and may provide for such deductibles as may be acceptable to Commission. In the event such insurance does provide for deductibles or self-insurance, Developer agrees that it will protect Commission, its agents, officers and employees in the same manner as these interests would have been protected had full commercial insurance been in effect. Each such certificate shall stipulate that Commission is to be given at least thirty (30) days' written notice in advance of any modification or cancellation of any policy of insurance.

(a) Liability:

Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence (\$2,000,000 General Aggregate), including products and completed operations coverage. Commission and its agents, officials and employees shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Developer, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to Commission. Developer shall require Developer's contractors to include Commission and Commission's agents, officials and employees as additional insureds on all general liability insurance covering work at the Property. If required by Commission from time to time, Developer shall increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to the Project. The policy shall contain a waiver of subrogation for the benefit of Commission.

(b) Property Insurance:

"All Risk" property insurance, including without limitation builder's risk protection during the course of construction, covering the full replacement value of real property and equipment utilized for the Project. Coverage shall extend to provide debris removal. Commission shall be the loss payee under the aforementioned policy under a standard lender's endorsement.

(c) Workers' Compensation:

Developer's employees shall be covered by Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.

(d) Automobile Liability:

Combined single limit automobile liability insurance of at least one million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned, non-owned and hired vehicles.

No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of Commission.

Failure on the part of Developer to procure or maintain the insurance coverage required above shall constitute a material breach of this Agreement pursuant to which Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole discretion and without waiving such default or limiting the rights or remedies of Commission, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by Commission shall be repaid by the Developer to Commission upon demand.

3.9 Financial Statements; Tax Returns.

Developer shall deliver to Commission within one hundred twenty (120) days after the end of each calendar year occurring during the term of the Grant, a copy of its federal tax return and a financial statement for such preceding calendar year(s).

3.10 Other Loans

Developer shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Property or the Project, including but not limited to any Senior Financing, any Junior Financing and any Other Financing. Developer shall provide to Commission a copy of any notice of default within three business days after receiving any notice of a default or alleged default of such covenants by Developer, and Developer shall promptly cure any such default and cooperate in permitting Commission, to the extent Commission in its sole discretion elects to do so, to cure or assist in curing the default.

4.0 USE OF PROPERTY; LEASING AND MANAGEMENT.

The Grantee will comply with all of the Reporting and Monitoring Requirements as set forth in Exhibit D.

4.1 Restriction to Very Low-Income Participants.

Notwithstanding anything to the contrary or that appears to be to the contrary in this Agreement, Developer hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Developer, that, throughout the 55-year term of affordability, Developer and such successors and assigns shall use the Property solely for the purpose of constructing and operating the Project as a residential development with the number of beds and, with respect to the designated beds to be assisted as consideration for the Grant ("Beds"), the participant income levels specified in the Transaction Summary above.. All Beds shall be reserved to persons of "Very Low- Income" as specified in the Transaction Summary above. The covenants described in this Section 4.1 shall remain in effect through the expiration of the Term.

4.2 Intentionally Omitted

4.3 Intentionally Omitted

4.4 Operations and Maintenance.

Developer hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Developer, that Developer and such successors and assigns shall use the Property solely for the purpose of constructing and operating the Project and ancillary improvements thereon, in accordance with and of the quality prescribed by this Agreement.

Developer covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Developer, that during development of the Property pursuant to this Agreement and thereafter, neither the Property nor the Project, nor any portion thereof, shall be improved, used or occupied in violation of any applicable Governmental Restrictions or the restrictions contained in this Agreement. Furthermore, Developer and its successors and assigns shall not maintain, commit, or permit the maintenance or commission on the Property or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Property or the Project, or any portion thereof.

Developer shall, at its expense: (i) maintain all improvements and landscaping on the Property in first-class order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the approved plans for the Project and all Governmental Restrictions; and (ii) manage the Project and Project finances reasonably prudently and in compliance with applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents while maximizing Residual Receipts to the extent reasonably possible consistent with applicable rent and participant requirements (including all recorded rent restrictions affecting the Project) and without compromising the safety and attractiveness of the living environment.

5.0 DEVELOPER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of participants, lessees, subparticipants, sublessees, or vendees of the Property or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

5.1 Form of Nondiscrimination and Nonsegregation Clauses.

Developer shall refrain from restricting the rental, sale or lease of the Property or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land

herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of participants, lessees, subparticipants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of participants, lessees, sublessees, subparticipants or vendees in the land herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this Agreement or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of participants, lessees, subparticipants, sublessees or vendees of the premises."

Nothing in this Section shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

6.0 DEVELOPER'S REHABILITATION COVENANTS.

Developer shall commence and complete rehabilitation of the Project as follows:

6.1 Commencement and Completion.

Developer shall diligently prosecute rehabilitation of the project and achieve "Completion of the Project," substantially in accordance with the Plans and this Agreement, no later than twelve (12) months after the commencement of construction (subject to force majeure delays). "Completion of the Project" shall be deemed to have occurred when Commission has received satisfactory evidence that the Project has been completed in compliance with this Agreement and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to Commission's review and approval:

(a) A signed certificate from the general contractor, in a form reasonably acceptable to Commission, certifying to Commission that construction was completed substantially in accordance with the requirements of the Plans and this Agreement, and all other related on-Property and off-Property improvements have been completed.

(b) A certificate of occupancy (the "Certificate of Occupancy") and any other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies.

(c) Certificates of insurance issued by Developer's insurance agent evidencing compliance with all insurance requirements set forth in this Agreement.

(d) Either (A) Unconditional Waivers and Releases Upon Final Payment in statutory form, showing no amounts in dispute, from the Contractor and all subcontractors, and all other persons or entities providing services or furnishing material in connection with the Project and/or (B) to the extent the Unconditional Waivers and Releases Upon Final Payment are not received from any applicable party in accordance with subparagraph (A) hereinabove, (i) expiration of a sixty (60) day period after filing of a notice of completion for the Project without filing any lien by Contractor; and (ii) expiration of a thirty (30) day period after filing of a notice of completion for the Project without the filing of any lien by subcontractors or any other persons or entities providing services or furnishing materials in connection with the Project.

6.2 Rehabilitation.

Developer shall cause the rehabilitation of the Project to be done in a good and workmanlike manner substantially according to the Plans and this Agreement. In the rehabilitation of the Project, Developer shall comply in all material respects with all applicable laws and regulations. If necessary, the Plans shall be modified to comply in all material respects with all applicable laws and regulations.

Commission shall have inspected the completed Project and verified to its reasonable satisfaction that the completed Project conforms to the internal and external architecture and design represented in Developer's approved application to Commission for the funds.

7.0 INDEPENDENT CONTRACTOR.

In their performance of this Agreement, all parties hereto will be acting in an independent capacity and not as agents, employees, partners, joint venturers or associates of one another. The employees or agents of one party shall not be deemed or construed to be the agents or employees of the other party for any purpose whatsoever, including workers' compensation liability. Developer shall bear the sole responsibility and liability for furnishing or causing its general contractor to furnish workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Developer pursuant to this Agreement.

8.0 ASSIGNMENT OF THIS AGREEMENT.

This Agreement shall be assignable by Developer only if Developer obtains the prior express written consent of Commission, which consent may be withheld by Commission in its sole discretion. Notwithstanding anything that may be or appear to be herein to the contrary, no purported assignment of this Agreement and the Grant shall be effective if such assignment would violate the terms, conditions and restrictions of any Governmental Restrictions. Commission's consent to such assignment shall be expressly conditioned upon: (i) the assignee's execution of such documents as

required by Commission including, without limitation, any and all documents deemed necessary by Commission to provide for said assignee's assumption of all of the obligations of Developer hereunder and under the Grant Agreement; and (ii) Commission's approval of the financial and credit worthiness of such proposed assignee.

Except in connection with a Permitted Transfer (as defined in Section 24.1 below), any attempt by Developer to assign any performance or benefit under the terms of this Agreement, without the prior written consent of Commission as provided herein, shall be null and void and shall constitute a material breach of this Agreement. In accordance with the foregoing, in the event of: (i) a sale or transfer of Developer's interest in the Property; or (ii) a sale or transfer of more than forty-nine percent (49%) of its present ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) a sale or transfer of the Project, occurring without the written consent of Commission, Commission may, at its option, by written notice to Developer, declare Developer in default under this Agreement.

9.0 GRANT OF FUNDS

9.1. Grant Structure

The Commission will support the Developer's rehabilitation of the Property by granting the Developer an aggregate amount of not more than Four Hundred Thousand Dollars (\$400,000), comprised of \$200,000 from available Community Development Block Grant funds, and \$200,000 from Department of Mental Health realignment funds, to be used for construction costs. The Grant will be made available after the Developer has submitted all necessary documents, as set forth in Section 3, Covenants of Developer, as determined by the Commission.

9.2 Source and Use of Funds

The source of the funds for the Grant shall be from available Los Angeles County Community Development Block Grant funds and Department of Mental Health realignment funds. The funds must be used to assist the development of low-income, special needs housing, and the Developer will be required to reserve the units for very low-income participants' use for no fewer than fifty-five (55) years.

9.3 Repayment

For so long as Developer is in full compliance with the terms of the Regulatory Agreement between the Developer and Commission, the Commission shall reduce the amount of the remaining balance of the grant 1/7th per year, commencing on the first anniversary of the issuance of Use and Occupancy Permits and continuing on each anniversary thereafter for 7 years, so that the balance of the Grant is sequentially reduced to zero on the seventh anniversary of the issuance of use and occupancy permits.

9.4 Default On Affordability

In the event that the Developer fails to maintain affordability, or shall fail to perform or observe any terms or covenants contained in this Agreement, the Developer shall be considered

to be in Default hereof and shall be subject to Commission's exercise of remedies under Section 11.0 "Events of Default and Remedies."

9.5 Default on Use

In the event that the Developer fails to maintain the use of the Westside Safe Haven according to the terms of this Agreement, the Developer shall be considered to be in Default hereof and shall be subject to Commission's exercise of remedies under Section 11.0 "Events of Default and Remedies."

10.0 GRANT REPAYMENT FOR DEFAULT

The Commission may request repayment of the Grant, if Default occurs, as set forth in Section 11.0 herein.

11.0 EVENTS OF DEFAULT AND REMEDIES.

11.1 Developer Events of Default.

The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Developer hereunder ("Event of Default"):

(a) The failure of Developer to pay or perform any monetary covenant or obligation hereunder, without curing such failure within ten (10) days after receipt of written notice of such default from Commission (or from any party authorized by Commission to deliver such notice as identified by Commission in writing to Developer);

(b) The failure of Developer to perform any non-monetary covenant or obligation under the terms of this Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from Commission (or from any party authorized by Commission to deliver such notice as identified by Commission in writing to Developer) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Developer commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in Sections 11.1(c) through 11.1 (h) below;

(c) The material falsity of any representation or breach of any warranty or covenant made by Developer under the terms of this Agreement;

(d) Developer or any constituent member or partner, or majority shareholder, of Developer shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the federal bankruptcy laws of the United States of America or file a voluntary petition that is not

withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(e) If without the application, approval or consent of Developer, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Developer or any constituent member or partner, or majority shareholder, of Developer, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Developer or of all or any substantial part of Developer's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Developer, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(f) Following completion of the rehabilitation of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days, or the involuntary cessation of the operation of the Project in accordance with this Agreement for a continuous period of more than sixty (60) days;

(g) Developer shall suffer or attempt to effect a Transfer (as defined below) in violation of Section 8 above or Section 24 below, unless consented to in writing by Commission; or

(h) Developer shall be in default under the the Senior Financing, if any, the Junior Financing, the Other Financing, or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

11.2. Commission Remedies.

Upon the occurrence of an Event of Default hereunder, Commission may, in its sole discretion, take any one or more of the following actions:

(a) By notice to Developer, except in the case of a default by Developer under Section 11.1(c) through Section 11.1(h) in which event no notice shall be required, declare the prorated amount of the Grant immediately due and payable;

(b) Take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of Commission, to collect the amounts then due and thereafter to become due hereunder and under this Agreement, and to enforce performance and observance of any obligation, agreement or covenant of the Developer under this Agreement or under any other document executed in connection herewith;

(c) Upon the occurrence of an Event of Default described in Section 11.1(d) or 11.1(e) hereof, Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Grant and, in the case of commencement of any judicial proceedings, to file such proof of

claim and other papers or documents as may be necessary or advisable in the judgment of Commission and its counsel to protect the interests of Commission and to collect and receive any monies or other property in satisfaction of its claim.

11.3. No Remedy Exclusive.

No remedy herein conferred upon or reserved to Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by Commission. In order to entitle Commission to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

11.4. Commission Default and Developer Remedies.

Upon fault or failure of Commission to meet any of its obligations under this Agreement without curing such failure within thirty (30) days after receipt of written notice of such failure from Developer specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Developer may, as its sole and exclusive remedies:

- (a) Demand and obtain payment from Commission of any sums due to or for the benefit of Developer pursuant to the express terms of this Agreement;
- (b) Bring an action in equitable relief seeking the specific performance by Commission of the terms and conditions of this Agreement or seeking to enjoin any act by Commission which is prohibited hereunder; or
- (c) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

Notwithstanding the foregoing, Developer shall in no event be entitled to, and hereby waives, any right to seek consequential damages of any kind or nature from Commission arising out of or in connection with this Agreement, and in connection with such waiver Developer is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

12.0 RIGHT OF ACCESS AND INSPECTION.

Upon seventy-two (72) hours' written notice, Commission shall have the right at any time during normal business hours and from time to time to enter upon the Property for purposes of inspection. If Commission in its reasonable discretion determines that any work or materials are not in

conformity with this Agreement, or any applicable Governmental Restrictions, Commission may at its election, after notice to and consultation with the Developer and affording the Developer thirty (30) days after such notice to cure the matter (provided, however, that if such matter cannot be cured within a 30-day period, it shall be deemed cured if Developer commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter) and the Developer fails to cure the matter, stop the work and order replacement or correction of any such work or materials regardless of whether or not such work or materials have theretofore been used in the construction of any portion of the Project. Inspection by Commission of the Project or the Property or any construction thereof is for the sole purpose of protecting Commission and is not to be construed as an acknowledgment, acceptance or representation by Commission or the County of Los Angeles that there has been compliance with any Plans approved pursuant to this Agreement, or any terms or provisions of this Agreement, or that the Project or the Property or any of the construction thereof is or will be free of faulty materials or workmanship.

13.0 CONFLICT OF INTEREST; NO PARTICIPANT LIABILITY.

No official or employee of Commission shall have any personal interest, direct or indirect, in this Agreement, nor shall any official or employee of Commission participate in any decision relating to this Agreement which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of Commission shall be personally liable in the event of a breach of this Agreement by Commission.

14.0 AMENDMENTS, CHANGES AND MODIFICATIONS.

This Agreement may not be amended, changed, modified, altered or terminated without the prior written consent of the parties hereto.

15.0 EXECUTION OF COUNTERPARTS.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

16.0 NOTICES.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, certified mail, return receipt requested, or overnight guaranteed delivery service and addressed as follows:

If to Commission: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation

If to Developer: OPCC
1453 16th Street
Santa Monica, CA 90404
Attn: John Maceri, Executive Director

With a copy to: Nancy Lewis Associates
3306 Club Drive
Los Angeles, CA 90064
Attn: Nancy Lewis

Notices shall be effective upon the earlier of: (i) receipt, if given by personal delivery; (ii) three (3) business days after deposit with United States Mail; (iii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iv) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Agreement.

17.0 SEVERABILITY.

The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

18.0 INTERPRETATION.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Developer. Each Party has been represented by counsel in the negotiation of this Agreement, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Agreement, nothing herein or in the Note shall be deemed to require Developer to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of the Note shall be interpreted to require in each instance the lesser of: (i) the amount stated in the Note; and (ii) the maximum applicable legal limit.

19.0 NO WAIVER; CONSENTS.

Any waiver by Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by Commission to take action on account of any default of Developer. Consent by Commission to any act or omission by Developer will not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Commission's consent to be obtained in any future or other instance.

20.0 GENERAL PROVISIONS.

20.1. Governing Law.

This Agreement shall be governed by the laws of the State of California.

21.0 REPRESENTATIONS AND WARRANTIES OF DEVELOPER.

Developer hereby warrants and represents to Commission that:

21.1. Organization and Standing.

Developer is a legal entity as described in the Transaction Summary above, duly organized, qualified to operate in California and validly existing and in good standing in the State of California and has all requisite power to enter into and perform its obligations under this Agreement and all other documents executed in connection herewith.

21.2. Enforceability.

This Agreement and all other instruments to be executed by Developer in connection with the Grant constitute the legal, valid and binding obligation of Developer, without joinder of any other party.

21.3. Authorization and Consents.

The execution, delivery and performance of this Agreement and all other instruments to be executed in connection herewith are consistent with the operating agreement, partnership agreement, or articles and bylaws governing Developer, and have been duly authorized by all necessary action of Developer's members, partners, directors, officers and shareholders.

21.4. Due and Valid Execution.

This Agreement and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Developer.

21.5. Licenses.

Developer will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

21.6. Litigation and Compliance.

To Developer's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Developer (other than those as have been previously disclosed in writing to Commission) which could materially impair its ability to perform its obligations under this Agreement, nor is Developer in violation of any laws or ordinances which could materially impair Developer's ability to perform its obligations under this Agreement.

21.7. Default.

To Developer's current actual knowledge, there are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 11.

21.8. No Violations.

The execution and delivery of this Agreement, and all other documents executed or given hereunder, and the performances thereunder by Developer, as applicable, will not

constitute a breach of or default under any instrument or agreement to which Developer may be a party nor, to Developer's current actual knowledge, will the same constitute a breach of or violate any law or governmental regulation.

22.0 APPROVALS.

Except with respect to those matters set forth hereinabove providing for Commission's approval, consent or determination to be at Commission's "sole discretion" or "sole and absolute discretion," Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by Commission hereunder. Commission agrees to give Developer written notice of its approval or disapproval following submission of items to Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval.

Any review or approval of any matter by Commission or any Commission official or employee under this Agreement shall be solely for the benefit of Commission, and neither Developer nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Developer and not Commission shall be solely responsible for assuring compliance with laws, the suitability of the Property for the Project, the adequacy of the plans, and the safety of the Project construction Property, the completed Project, and the operation thereof.

Commission's Executive Director is authorized to grant or deny any consent, election or approval pursuant to this Agreement without the need for action by Commission's Board, unless Commission's Executive Director elects in his sole discretion to present the matter to the Board.

23.0 GOOD FAITH AND FAIR DEALING.

Commission and Developer agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

24.0 ASSIGNMENT OF INTEREST IN THE PROPERTY OR THE PROJECT.

24.1 Without the prior written approval of Commission, which approval Commission may withhold in its sole and absolute discretion, Developer shall not: (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Property or the Project (excluding participant leases pursuant to the terms hereof); (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under this Agreement. Developer hereby agrees that any purported Transfer not approved by Commission as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Developer under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

Notwithstanding anything to the contrary contained in this Agreement, the following shall not constitute a "Transfer" (each, a "Permitted Transfer"): (i) a transfer of an interest in the partnership to an investor limited partner (and any affiliates thereof) pursuant to the admission of any such entity (as a limited partner(s) to the Partnership) in connection with capital contributions made by such limited partner(s) with regard to their receipt of low-income housing tax credits (and the withdrawal of the current limited partner in connection therewith); (ii) a transfer of a general partner's interest in Developer when made in connection with the exercise by limited partner of the Developer or non-

defaulting general partner of its rights upon a default by a general partner under the Developer's Partnership Agreement (the "Partnership Agreement") or upon a general partner's withdrawal in violation of the Partnership Agreement, so long as the removal and substitution of the defaulting general partner is made within thirty (30) days of such default or, if such removal and substitution cannot reasonably be completed within thirty (30) days, so long as such limited partner or non-defaulting general partner commences to take action to remove and substitute such defaulting general partner within a reasonable period and thereafter diligently proceeds to complete such substitution; (iii) any transfer of the Property to the Developer's administrative general partner (or a single asset entity affiliate thereof) pursuant to a purchase option as provided for in the Partnership Agreement and/or any separate agreement related thereto; (iv) any transfer of a limited partner's interest in connection with a default by such limited partner under and in accordance with the Partnership Agreement; and (v) limited partner may transfer or assign its limited partner interest to an affiliate without Commission consent and to a non-affiliate with Commission's prior written consent, which consent shall not be unreasonably withheld.

24.2 At any time Developer desires to effect a Transfer hereunder, Developer shall notify Commission in writing (the "Transfer Notice") and shall submit to Commission for its prior written approval: (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer; and (ii) a certificate setting forth representations and warranties by Developer and the proposed transferee to Commission sufficient to establish and insure that all requirements of this Section 24 have been and will be met. No Transfer Documents shall be approved by Commission unless they expressly provide for the assumption by the proposed transferee of all of Developer's obligations under this Agreement. The Transfer Notice shall include a request that Commission consent to the proposed Transfer. Commission agrees to make its decision on Developer's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after Commission receives the last of the items required by this Section 24. In the event Commission consents to a proposed Transfer, then such Transfer shall not be effective unless and until Commission receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Developer to Commission. Upon the effectiveness of any such Transfer, Developer shall be released from its obligations under this Agreement.

24.3 Notwithstanding anything in this Agreement which may be or appear to be to the contrary, Developer agrees that it shall not be permitted to make any Transfer, whether or not Commission consent is required therefore and even if Commission has consented thereto, if there exists an Event of Default under this Agreement at the time the Transfer Notice is tendered to Commission or at any time thereafter until such Transfer is to be effective.

24.4 The provisions of this Section 24 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Developer under the terms set forth herein.

25.0 COUNTY MANDATED PROVISIONS

The Developer shall comply with all of the Commission Requirements as set forth in Exhibit E.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

COMMISSION:

**COMMUNITY DEVELOPMENT
COMMISSION OF THE COUNTY OF
LOS ANGELES**
a public body, corporate and politic

DEVELOPER:

OCEAN PARK COMMUNITY CENTER
a California Nonprofit Public Benefit
Corporation

By: _____
Carlos Jackson, Executive Director

By: _____
John Maceri, Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr., County Counsel

By: _____
Deputy

TABLE OF EXHIBITS

EXHIBIT "A"	PROPERTY LEGAL DESCRIPTION
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EXHIBIT "F"	SAFELY SURRENDERED BABY LAW FACT SHEETS

EXHIBIT "A"

LEGAL DESCRIPTION

THE LAND REFERRED TO HERRIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

PARCEL 1:

PART A:

THE SOUTHEASTERLY 100 FEET OF THE SOUTHWESTERLY 150 FEET OF LOT 2 IN BLOCK 30 OF ERKENBRECHER SYNDICATE SANTA MONICA TRACT, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 6 PAGES 26 AND 27 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID LAND INCLUDED WITHIN THE FOLLOWING DESCRIBED LINES:

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID LOT 2; THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF SAID LOT 2, A DISTANCE OF 100 FEET TO A POINT; THENCE NORTHEASTERLY PARALLEL TO THE SOUTHEASTERLY LINE OF SAID LOT 2, A DISTANCE OF 24.92 FEET TO A POINT, SAID POINT BEING ON A CURVE CONCAVE EASTERLY HAVING A RADIUS OF 145 FEET (A RADIAL LINE THROUGH SAID POINT BEARS NORTH 70 DEGREES 34 MINUTES 34 SECONDS EAST); THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE AN ARC DISTANCE OF 64.06 FEET TO A TANGENT POINT (A RADIAL LINE THROUGH SAID POINT BEARS NORTH 45 DEGREES 15 MINUTES 45 SECONDS EAST); THENCE SOUTHEASTERLY PARALLEL TO THE SOUTHWESTERLY LINE OF SAID LOT 2, A DISTANCE OF 32 FEET, MORE OR LESS, TO A POINT, SAID POINT BEING NORTHWESTERLY ALONG LAST MENTIONED PARALLEL LINE A DISTANCE OF 6 FEET FROM THE SOUTHEASTERLY LINE OF SAID LOT 2; THENCE SOUTH 89 DEGREES 44 MINUTES 15 SECONDS EAST, A DISTANCE OF 8.49 FEET TO THE SOUTHEASTERLY LINE OF SAID LOT 2; THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY LINE OF LOT 2, A DISTANCE OF 17 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHEASTERLY LINE OF SAID LOT DISTANT NORTHEASTERLY THEREON 17 FEET FROM THE SOUTHERLY CORNER OF SAID LOT; THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE A DISTANCE OF 23 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 29 FEET; THENCE WESTERLY ALONG SAID CURVE AN ARC DISTANCE OF 45.56 FEET, MORE OR LESS, TO A POINT OF TANGENCY IN A LINE PARALLEL WITH AND DISTANT 11 FEET NORTHEASTERLY MEASURED AT RIGHT ANGLES, FROM THE SOUTHWESTERLY LINE OF SAID LOT; THENCE SOUTHEASTERLY ALONG SAID PARALLEL LINE A DISTANCE OF 26 FEET TO A POINT DISTANT THEREON 6 FEET NORTHWESTERLY FROM SAID SOUTHEASTERLY LINE; THENCE EASTERLY IN A

DIRECT LINE, A DISTANCE OF 8.49 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, RECORDED APRIL 3, 1975 AS INSTRUMENT NO.1593.

PART B:

A PORTION OF SAID LOT 2 COMMENCING AT A POINT IN THE SOUTHWESTERLY LINE OF SAID LOT DISTANT NORTH 44 DEGREES 45 MINUTES WEST 100 FEET FROM THE MOST SOUTHERLY CORNER OF SAID LOT, SAID POINT BEING THE MOST WESTERLY CORNER OF THE LAND DEEDED TO LOUIS T. HOLLIDAY RECORDED IN BOOK 17322, PAGE 223, OFFICIAL RECORDS; THENCE NORTH 45 DEGREES 13 MINUTES 45 SECONDS EAST ALONG THE NORTHWESTERLY LINE OF SAID LAND BEING PARALLEL TO THE SOUTHEASTERLY LINE OF SAID LOT, A DISTANCE OF 24.92 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT BEING ON A CURVE IN TWENTY SIXTH STREET, CONCAVE EASTERLY HAVING A RADIUS OF 145 FEET (RADIAL LINE THROUGH SAID POINT BEARS NORTH 70 DEGREES 34 MINUTES 34 SECONDS EAST); THENCE NORTHERLY ALONG SAID CURVE BEING THE EASTERLY LINE OF TWENTY SIXTH STREET AN ARC DISTANCE OF 128.19 FEET TO A POINT (A RADIAL LINE THROUGH SAID POINT BEARS 58 DEGREES 46 MINUTES 15 SECONDS EAST) SAID POINT BEING THE BEGINNING OF A TANGENT CURVE IN TWENTY SIXTH STREET CONCAVE WESTERLY HAVING A RADIUS OF 700.40 FEET; THENCE NORTHERLY ALONG SAID CURVE OF TWENTY SIXTH STREET HAVING A RADIUS OF 700.40 FEET AN ARC DISTANCE OF 30.23 FEET, MORE OR LESS, TO A POINT IN THE NORTHEASTERLY LINE OF THE LAND DEEDED TO JOHN R. SANDERS, RECORDED MARCH 2, 1949, AS INSTRUMENT NO. 26, IN BOOK 29488, PAGE 49, OFFICIAL RECORDS; THENCE SOUTH 44 DEGREES 45 MINUTES EAST PARALLEL WITH THE SOUTHWESTERLY LINE OF SAID LOT, A DISTANCE OF 86.63 FEET TO A POINT, SAID POINT BEING THE MOST NORTHERLY CORNER OF SAID LAND DEEDED TO LOUIS T. HOLLIDAY; THENCE SOUTH 45 DEGREES 13 MINUTES 45 SECONDS WEST ALONG THE NORTHWESTERLY LINE OF SAID LAND DEEDED TO LOUIS T. HOLLIDAY BEING PARALLEL TO THE SOUTHEASTERLY LINE OF SAID LOT, A DISTANCE OF 125.08 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 2:

PART A:

THAT PORTION OF LOT 2 IN BLOCK 30 OF THE ERKENBRECHER SYNDICATE SANTA MONICA TRACT, AS PER MAP RECORDED IN BOOK 6 PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE SOUTHEASTERLY LINE OF SAID LOT, DISTANT THEREON, NORTH 45 DEGREES 13 MINUTES 55 SECONDS EAST 150 FEET FROM THE MOST SOUTHERLY CORNER OF SAID LOT, SAID POINT BEING THE MOST EASTERLY CORNER OF THE LAND DESCRIBED IN THE DEED TO LOUIS T. HOLLIDAY, RECORDED IN BOOK 17322, PAGE 223, OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID SOUTHEASTERLY LINE NORTH 45 DEGREES 13 MINUTES 55 SECONDS EAST 144 FEET; THENCE PARALLEL WITH THE SOUTHWESTERLY LINE OF SAID LOT, NORTH 44 DEGREES 45 SECONDS WEST 122 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING NORTH 44 DEGREES 45 SECONDS WEST 58 FEET; THENCE PARALLEL WITH SAID SOUTHEASTERLY LINE, SOUTH 45 DEGREES 13 MINUTES 55 SECONDS WEST 144 FEET TO THE MOST NORTHERLY CORNER OF THE LAND DESCRIBED IN THE DEED TO MARTIN H. MADES, ET UX., RECORDED AUGUST 22, 1947, AS INSTRUMENT NO. 245,

IN BOOK 24937, PAGE 37, OFFICIAL RECORDS OF SAID COUNTY; THENCE SOUTHEASTERLY ALONG THE NORTHEASTERLY LINE OF SAID EAST DESCRIBED LAND 58 FEET; THENCE NORTHEASTERLY PARALLEL WITH SAID SOUTHEASTERLY LINE 144 FEET TO THE TRUE POINT OF BEGINNING.

PART B:

AN EASEMENT AND RIGHT OF WAY FOR ROAD PURPOSES, TO BE USED IN COMMON WITH OTHERS IN, OVER AND UNDER AND ACROSS THE FOLLOWING DESCRIBED PORTIONS OF SAID LOT 2, BLOCK 30 OF THE ERKENBRECHER SYNDICATE SANTA MONICA TRACT:

A STRIP OF LAND OF THE UNIFORM WIDTH OF FIFTEEN FEET THE NORTHEASTERLY SIDE LINE THEREOF BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE TRUE POINT OF BEGINNING OF PART A HEREINBEFORE DESCRIBED; THENCE PARALLEL WITH THE SOUTHWESTERLY LINE OF SAID LOT 2, SOUTH 44 DEGREES 45 MINUTES EAST 122 FEET TO THE SOUTHEASTERLY LINE OF SAID LOT, SAID STRIP OF LAND TO TERMINATE AT ITS SOUTHEASTERLY END IN SAID SOUTHEASTERLY LINE, AND AT ITS NORTHWESTERLY END IN THE SOUTHEASTERLY BOUNDARY OF PART A HEREINBEFORE DESCRIBED.

PARCEL 3:

THAT PORTION OF LOT 2, IN BLOCK 30, ERKENBRECHER SYNDICATE SANTA MONICA TRACT, AS PER MAP RECORDED IN BOOK 6, PAGES 26 AND 27 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHERLY CORNER OF SAID LOT; THENCE NORTHEASTERLY ALONG THE SOUTHEASTERLY LINE OF SAID LOT A DISTANCE OF 294 FEET; THENCE NORTHWESTERLY ALONG A LINE PARALLEL WITH THE SOUTHWESTERLY LINE OF SAID LOT A DISTANCE OF 246.80 FEET, MORE OR LESS, TO A POINT IN THE EASTERLY LINE OF 26TH STREET, 74 FEET WIDE, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE SOUTHEASTERLY ALONG SAID PARALLEL LINE A DISTANCE OF 66.80 FEET, MORE OR LESS, TO A POINT BEING DISTANT 180 FEET NORTHWESTERLY ALONG SAID PARALLEL LINE FROM SAID SOUTHEASTERLY LINE; THENCE SOUTHWESTERLY ALONG A LINE PARALLEL WITH SAID SOUTHEASTERLY LINE A DISTANCE OF 144 FEET; THENCE NORTHWESTERLY ALONG A LINE PARALLEL WITH SAID SOUTHWESTERLY LINE A DISTANCE OF 6.63 FEET, MORE OR LESS, TO A POINT IN SAID EASTERLY LINE, SAID POINT BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 700 FEET; THENCE NORTHEASTERLY ALONG SAID CURVED EASTERLY LINE AN ARC DISTANCE OF 86.93 FEET TO A TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 837 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE EASTERLY LINE AN ARC DISTANCE THE 69.58 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPT THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

THAT PORTION OF LOT 2, BLOCK 30 ERKENBRECHER SYNDICATE SANTA MONICA TRACT, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF

CALIFORNIA, AS PER MAP RECORDED IN BOOK 6, PAGES 26 AND 27, OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHERLY CORNER OF SAID LOT 2;
THENCE NORTH 45° 52' 50" EAST 40.00 FEET ALONG THE SOUTHEASTERLY LINE OF SAID LOT, BEING ALSO THE NORTHWESTERLY LINE OF MICHIGAN AVENUE, TO THE TRUE POINT OF BEGINNING. SAID POINT BEING ALSO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHERLY AND HAVING A RADIUS OF 20 FEET; THENCE WESTERLY 31.42 FEET ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 50.11 TO A LINE PARALLEL WITH AND DISTANT 50.00 FEET NORTHEASTERLY FROM THE CENTERLINE OF CLOVERFIELD BOULEVARD.

THENCE NORTH 44° 06' 20.11 WEST 68.26 FEET ALONG SAID PARALLEL LINE, TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY AND HAVING A RADIUS OF 145 FEET, THROUGH WHICH POINT A RADIAL LINE BEARS SOUTH 66° 11' 15.1" WEST;

THENCE SOUTHERLY 51.36 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 20° 17' 35" TO A LINE PARALLEL WITH AND DISTANT 41.00 FEET NORTHEASTERLY FROM THE CENTERLINE OF CLOVERFIELD BOULEVARD; 0 FEET;
THENCE SOUTH 44° 06' 20" EAST 8.97 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE, CONCAVE NORTHERLY AND HAVING A RADIUS OF 29.00 FEET;
THENCE EASTERLY 45.56 FEET ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 50" TO THE TRUE POINT OF BEGINNING. AS
RECORDED IN THAT FINAL ORDER OF CONDEMNATION RECORDED MAY 12, 1999, 99-0862531, OF OFFICIAL RECORDS.

END OF LEGAL DESCRIPTION

(For the purposes of complying with Civil Code Section 3097 only, the street address of said real property is 1751 Cloverfield Blvd., Santa Monica, California.)

A.P.N.: 4268-014-027

EXHIBIT "B"

SCOPE OF WORK

The structure is a 22,000 square-foot, two-story, wood frame and stucco light manufacturing and office building. It was built in 1963. The Property suffers from some physical deficiencies, as the building has been vacant for several years. The exterior needs extensive cleaning on the ground floor. Plumbing fixtures on the ground floor also need replacing. The Property is in need of some physical and mechanical repairs but is structurally sound.

The building has steel I-beam posts and tapered steel roof trusses, and a flat, composition roof. The interior walls are typically painted plaster. The floor covering is carpet on the second floor and concrete on the ground floor area. Ground floor ceilings are painted plywood. Bathroom ceilings are painted plaster and the second floor partitions have acoustical tile panels on a suspended aluminum t-bar frame. The floor is vinyl tile. On the ground floor there are several areas partitioned from the main open space. Two of these have rough plumbing installed but no fixtures. The ground floor has no heating or air conditioning. The second floor has packaged forced air and refrigerated air conditioning. The building is fully sprinkled with a single-head system. There is a 9,500 square-foot paved parking lot with two large poles each with double lights.

The scope of work contemplated by this capital development project includes the removal and replacement of the current roof with a minimum 4-ply hot-mopped, 15-year warranty roof. All plumbing lines, fixtures and meters will be removed and replaced to meet current codes as necessary. All electrical main panels, sub-panels, wiring and outlet will also be removed and replaced to meet current codes as necessary. All fire and life-safety systems (including sprinklers) will be brought up to code. The facility will be transformed to meet Americans with Disabilities Act requirements and an elevator will be added. All structural upgrades will meet City and State codes as necessary. New dual glaze windows and light fixtures will be installed. Heating, ventilation and air conditioning equipment will be installed to supply adequate heat and ventilation. The existing interior partitions will be demolished as needed to construct new ones adapted to the program. The building will be patched and painted in the interior and exterior. New flooring will be installed throughout the building. A new kitchen, new laundry space, and new bathrooms and showers more appropriate for congregate housing will be built. The surface parking lot will be re-striped and re-asphalted. Landscaping work will be performed in open spaces and energy efficient elements will be used as much as possible.

EXHIBIT "C"**SCHEDULE OF PERFORMANCE**

<u>Development Step</u>	Start Date	Completion Date
Acquire planning approval	01/2004	09/2004
Architectural Review	05/2004	07/2004
Bid package completion	8/2004	10/2004
Bid selection	10/2004	12/2004
Other financing closing	08/2004	12/2004
Construction contract execution	12/2004	12/2004
Acquire building permit from building authority	01/2005	
Construction start up	03/2005	03/2005
Construction completion	2/2006	2/2006
Acquire certificate of occupancy	2/2006	2/2006
Occupancy start up	03/2006	03/2006

EXHIBIT "D"

REPORTING AND MONITORING REQUIREMENTS

The Developer will retain records in a format approved by the Commission: (1) at the time of initial occupancy by a Very Low-Income participant as defined in the Agreement; and (2) annually thereafter, for fifty-five (55) years, a certification by the Developer which shall be subject to independent investigation and verification by the Commission, at its discretion. The Developer shall use its best efforts to verify the information set forth in any verification of income submitted by each Very Low-Income participant before the submission of such income certification. The Commission will accept verification from the U. S. Department of Housing and Urban Development (HUD) or other third party agency approved by the Commission.

After the Project is available for occupancy and is occupied by Very Low-Income participants, the Developer shall retain for the Commission's review the certification of continuing compliance reports which shall be prepared annually. The reporting period may be revised by the Commission to coincide with other agencies' reporting periods.

The Commission, or an accepted qualified third party, shall monitor compliance of the Project with the requirements set forth in this Agreement. All participant lists, applications, and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business records which are unrelated to the Project. The books and records of the Developer pertaining to the incomes of the Very Low-Income participants staying in the Project shall be maintained for proper audit and must be open to inspection by any authorized representative of the Commission during business hours.

The Commission may waive these reporting and monitoring requirements in its sole discretion if other agencies of interest require comparable reports and approved reports are made a part of the monitoring file of the Commission.

EXHIBIT "E"

COMMISSION REQUIREMENTS

The Developer agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

Commission may, by written notice to the Developer, immediately terminate the right of the Developer to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Developer, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Developer's performance pursuant to this Agreement. In the event of such termination, Commission shall be entitled to pursue the same remedies against the Developer as it could pursue in the event of default by the Developer.

The Developer shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to Commission's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment or tangible gifts.

2. Confidentiality of Reports

The Developer shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of Commission.

3. Commission's Quality Assurance Plan

Commission will evaluate Developer's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Developer's compliance with all Agreement terms and performance standards. Developer deficiencies, which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures to be taken by Commission and Developer. If improvement does not occur consistent with these corrective measures, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Developer's Warranty of Adherence to Commission's Child Support Compliance Program

Developer acknowledges that the Commission has established a goal of ensuring that all participants who benefit financially from the Commission through Agreements are in compliance with their court-ordered child, family and spousal support obligations, in order to mitigate the economic burden otherwise imposed upon Los Angeles County and its taxpayers.

Without limiting Developer's duty under this Agreement to comply with all applicable provisions of law, Developer warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With Commission's Child Support Compliance Program

Failure of Developer to maintain compliance with the requirements set forth in Paragraph 4, "Developer's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by Developer under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within 90 calendar days of written notice shall be grounds upon which the Commission may terminate this Agreement pursuant to said Paragraph 4 and pursue debarment of Developer, pursuant to Commission policy.

6. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Developer.

7. Drug-Free Workplace Act of the State of California

Developer certifies under penalty of perjury under the laws of the State of California that the Developer will comply with the requirements of the Drug-Free Workplace Act of 1990.

8. Compliance with Laws

The Developer agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of \$100,000 then Developer shall comply with applicable standards, orders, or requirements issued under Section 306 of the Clean Air Act (42 U.S.C. 18579h), Section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR Part 15).

The Developer must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Developer shall comply with the following laws:

9. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Developer shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied

the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

10. Section 109 of the Housing and Community Development Act of 1974

Developer shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

11. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Developer shall comply with the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or be subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled participant.

12. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Developer shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Developer will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, ancestry, marital status or disability. The Developer will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Developer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Developer will, in all solicitations or advertisements for employees placed by or on behalf of the Developer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Developer will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Developer's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Developer will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Developer will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Developer's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Developer may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Developer will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Developer will take such actions with respect to any subcontract or purchase order as Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Developer becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by Commission, the Developer may request the United States to enter into such litigation to protect the interests of the United States.

13. Notice to Employees Regarding the Federal Earned Income Credit

Developer shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

14. Use of Recycled-Content Paper Products

Developer agrees to use recycled-content paper to the maximum extent possible on the Project in order to reduce the amount of solid waste deposited at the County landfills.

15. Developer Responsibility and Debarment

- A. A responsible Developer is a Developer who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the Agreement. It is the policy of the Commission to conduct business only with responsible Developers.
- B. The Developer is hereby notified that if the Commission acquires information concerning the performance of the Developer on this or other contracts which indicates that the Developer is not responsible, the Commission may, in addition to other remedies provided in the Agreement, debar the Developer from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Developer may have with the Commission.
- C. Commission may debar a Developer if the Board of Commissioners finds, in its discretion, that the Developer has done any of the following: (1) violated any term of an Agreement with the Commission; (2) committed any act or omission which negatively reflects on the Developer's quality, fitness or capacity to perform an Agreement with the Commission or any other public entity, or engaged in a pattern or

practice which negatively reflects on same; (3) committed an act or offense which indicates a lack of business integrity or business honesty; or (4) made or submitted a false claim against the Commission or any other public entity.

- D. If there is evidence that the Developer may be subject to debarment, Commission will notify the Developer in writing of the evidence which is the basis for the proposed debarment and will advise the Developer of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Developer and/or the Developer's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Developer should be debarred, and, if so, the appropriate length of time of the debarment. If the Developer fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Developer may be deemed to have waived all rights of appeal.
- F. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.
- G. These terms shall also apply to subcontractors of Commission Developers.

16. Section 3 of the Housing and Community Development Act of 1968, as Amended

- A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- C. The Developer agrees to send to each labor organization or representative of workers with which the Developer has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Developer's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work property where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each, the name and location of the person(s) taking applications for each of the positions, and the anticipated date the work shall begin.

- D. The Developer agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Developer will not subcontract with any subcontractor where the Developer has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The Developer will certify that any vacant employment positions, including training positions, that are filled (1) after the Developer is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the Developer's obligations under 24 CFR Part 135.
- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3-covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible: (i) preference and opportunities for training and employment shall be given to Indians; and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

17. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

18. Lead-Based Paint

Developer and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Developer shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Property which involve the application of paint.

19. Notice To Employees Regarding The Safely Surrendered Baby Law

Developer shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit F, Safely Surrendered Baby Law Fact Sheets, of this Agreement is also available on the Internet at www.babysafela.org, for printing purposes.

20. Developer's Acknowledgment of Commission's Commitment To The Safely Surrendered Baby Law

Developer acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Developer understands that it is the Commission's policy to encourage all Commission Developers to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Developer's place of business. Developer will also encourage its subcontractors, if any, to post this poster in a prominent position in the subcontractors' places of business. The Department of Children and Family Services of the County of Los Angeles will supply Developer with the poster to be used.

21. Lobbyist Ordinance

Federal Lobbyist Requirements: Developer is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

Developer must certify in writing on the Federal Lobbyist Requirements Certification form familiarity with the Federal Lobbyist Requirements, and that all persons and/or subcontractors acting on behalf of the Developer will comply with the Lobbyist Requirements.

Failure on the part of the Developer or persons/subcontractors acting on behalf of the Developer to fully comply with the Federal Lobbyist Requirements may subject Developer to civil penalties.

EXHIBIT "F"

SAFELY SURRENDERED BABY LAW FACT SHEETS